

[illegible]

INSTRUCTIONS FOR FORM 2220ME

PURPOSE OF FORM: Form 2220ME will enable corporations and financial institutions to determine if they paid the correct amount of estimated tax by the proper due date. If the minimum amount was not paid timely, an underpayment penalty is imposed for the period of underpayment. This form helps determine whether or not you are subject to this penalty.

WHO MUST PAY THE UNDERPAYMENT PENALTY: If you did not pay enough estimated tax by any due date for paying estimated tax, you may be charged a penalty.

In general, you may owe the penalty if, for 2003, you did not pay the smaller of 90% of your tax liability for 2003 or 100% of the tax liability for 2002 if the 2002 return covered 12 months. Large corporations, as defined by IRC § 6655(g)(2)(A), must also meet the test required by 36 M.R.S.A. § 5228(5)(c).

EXCEPTIONS TO THE PENALTY: You will not have to pay the penalty or file this form if either of the following two situations applies:

1. Your tax liability for 2003, reduced by allowable credits, is less than \$1,000.
2. Your 2002 tax liability was less than \$1,000.

The penalty may be avoided if at least 90% of the 2003 tax was paid when due, even though you may be required to file this form.

ACTUAL LIABILITY FOR EACH QUARTER: Taxpayers are required to make four equal installments of estimated tax unless the actual liability can be established, by adequate record, for each required installment payment of estimated tax.

COMPUTATION OF UNDERPAYMENT PENALTY: If no exception applies for an installment date, complete lines 9 through 13 to determine the amount of the penalty. The penalty is based on the amount of the underpayment of the required installment for the period of underpayment. It is computed at the stated rate for each month or fraction thereof in the period of underpayment. For calendar year 2003, the penalty rate is 0.583% per month or fraction thereof, compounded monthly. For calendar year 2004, the penalty rate is 0.500%, compounded monthly. The effective rate for the number of months shown on line 10 is listed below.

Fiscal year filers may not use the table below.

Number of Months shown on line 10	1	2	3	4	5	6	7	8	9	10	11
Enter this Rate on line 11, Column A	.005833	.011701	.017602	.023538	.029509	.035514	.041555	.047631	.053742	.059011	.064306
Enter this Rate on line 11, Column B	.005833	.011701	.017602	.023538	.029509	.035514	.041555	.046763	.051996		
Enter this Rate on line 11, Column C	.005833	.011701	.017602	.023538	.028656	.033799					
Enter this Rate on line 11, Column D	.005833	.010863	.015917								